



# THE WEEKLY AGRO WATCH



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8<sup>th</sup> July, 2015 Vol.27

## Industry Updates

### Important!

Call For Tax and Non Tax Proposals for 2015 National Budget Deadline is 17<sup>th</sup> July 2015

### El Niño threatens the start of 2015/2016 season in the region

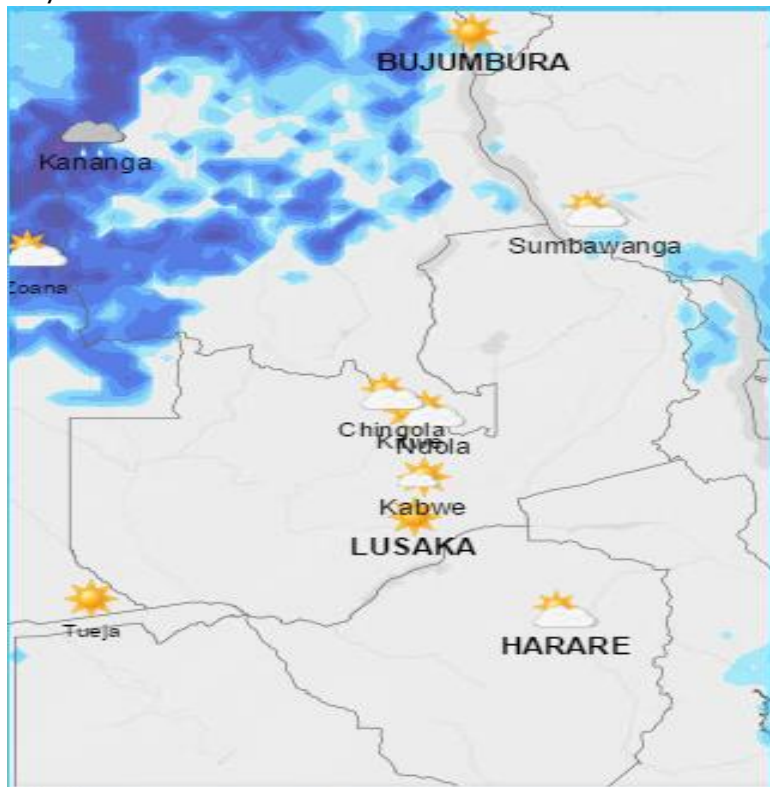
The US Geological Survey has suggested a greater possibility of an El Niño by the start of the 2015/2016 season as sea surface temperatures (SSTs) continue across most of the Pacific Ocean continue to rise. Based on historical trend analysis, El Niño conditions would likely result in below-average rainfall. In previous El Niño years, countries affected include, southern parts of Zimbabwe, southern parts of Malawi, northeastern South Africa, and southern and central Mozambique. Based on recent experiences during the 2014/15 season (when similar positive SST conditions were predicted) several areas in the region ended up experiencing a late start of season and erratic rains during the October to December period, resulting in below-average rainfall. However, it should be noted that in some El Niño years, including the 1997/98 season, the region received above-average rains and above-average harvests.

## Exchange Rates

CURRENCY	08/07/2015						02/07/2015					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
First National Bank (FNB)	7.68	7.83	0.62	0.63	11.86	12.10	6.45	6.57	0.56	0.57	9.72	9.91
Standard Chartered Bank	7.50	7.64	0.60	0.61	11.59	11.82	6.45	6.58	0.56	0.57	9.72	9.92
ZANACO	7.68	7.83	0.61	0.62	-	-	6.45	6.58	0.55	0.57	9.66	9.90
Bank of Zambia (BOZ) interbank	7.71	7.73	0.62	0.62	11.85	11.85	6.47	6.49	0.558	0.56	9.74	9.78

## Weather Forecast

The table summarizes the weather forecast for some selected towns for the period 9<sup>th</sup> July- 13<sup>th</sup> July 2015.



TOWN	WEATHER SUMMARY
Ndola	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> are forecast to have mostly clear sunny skies without precipitation with light breeze during the day. Similar patterns are expected over the weekend.</li> <li>➤ Average daily Temps: 11-24<sup>o</sup>C</li> </ul>
Mkushi	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> will mostly have clear sunny skies with light to gentle winds.</li> <li>➤ Average daily Temps:14-26<sup>o</sup>C</li> </ul>
Kabwe	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> are forecast to have mostly clear sunny skies without precipitation. Similar patterns are expected over the weekend.</li> <li>➤ Average daily Temps:10-20<sup>o</sup>C</li> </ul>
Lusaka	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> are forecast to have mostly clear sunny skies without precipitation. Similar patterns are expected over the</li> </ul>

	<ul style="list-style-type: none"> <li>➤ weekend through to Monday.</li> <li>➤ Average daily Temps:10-24<sup>o</sup>C</li> </ul>
Mazabuka	<ul style="list-style-type: none"> <li>➤ 9<sup>th</sup> to 13<sup>th</sup> will mostly have clear sunny skies with light to gentle winds.</li> <li>➤ Average daily Temps: 11-26<sup>o</sup>C.</li> </ul>
Choma	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> &amp; 13<sup>th</sup> are forecast to have mostly clear sunny skies with light to gentle breeze. Similar patterns are expected over the weekend through to Monday.</li> <li>➤ Average daily Temps:9-22<sup>o</sup>C</li> </ul>
Livingstone	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> are forecast to have mostly clear sunny skies with mostly light breeze. Similar patterns are expected over the weekend through to Monday.</li> <li>➤ Average daily Temps:10-26<sup>o</sup>C</li> </ul>
Mongu	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> will mostly have clear sunny skies with average Temp increasing over the weekend</li> <li>➤ Average daily Temps: 13-29<sup>o</sup>C.</li> </ul>
Mansa	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> will mostly have clear sunny skies.</li> <li>➤ Average daily Temps: 13-27<sup>o</sup>C.</li> </ul>
Kasama	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> are forecast to have mostly clear sunny skies without precipitation with light breeze during the day. Similar patterns are expected over the weekend through to Monday.</li> <li>➤ Average daily Temps: 12-26<sup>o</sup>C.</li> </ul>
Solwezi	<ul style="list-style-type: none"> <li>➤ The week will mostly have clear sunny skies.</li> <li>➤ Average daily Temps: 11-27<sup>o</sup>C.</li> </ul>
Chipata	<ul style="list-style-type: none"> <li>➤ The 9<sup>th</sup> to 13<sup>th</sup> are forecast to have mostly clear sunny skies without precipitation. Similar patterns are expected over the weekend through to Monday.</li> <li>➤ Average daily Temps: 12-26<sup>o</sup>C.</li> </ul>

Source: Norway meteorological Institute

## Parity prices

The following import parity/export prices were compiled by ZNFU as at 8<sup>th</sup> July, 2015

### Import Parity Prices in US\$/t (Joburg-Lusaka)

Domestic Import Parity Prices as at 8/07/2015					
US\$/ZAR=12.46 US\$/ZMK=7.83					
Parity Prices		U\$/ZMK	Maize	Soya	Wheat
Lusaka		<b>7.83</b>	<b>479.64</b>	<b>593.05</b>	<b>516.93</b>
	<b>Ex-Lusaka freight (ZMK)</b>				
Town		\$	\$	\$	\$
Chipata	275	35.12	514.76	628.17	552.05
Mkushi	225	28.74	508.38	621.79	545.67
Ndola	250	31.93	511.57	624.98	548.86
Kitwe	250	31.93	511.57	624.98	548.86

### Export Parity Prices in US\$/t

Export Parity Price Ranges (EPP) Harare-Lusaka	
<b>Soya Beans</b>	<b>458.7-505</b>
<b>Wheat</b>	<b>350-427</b>
<b>Maize</b>	<b>232-320</b>

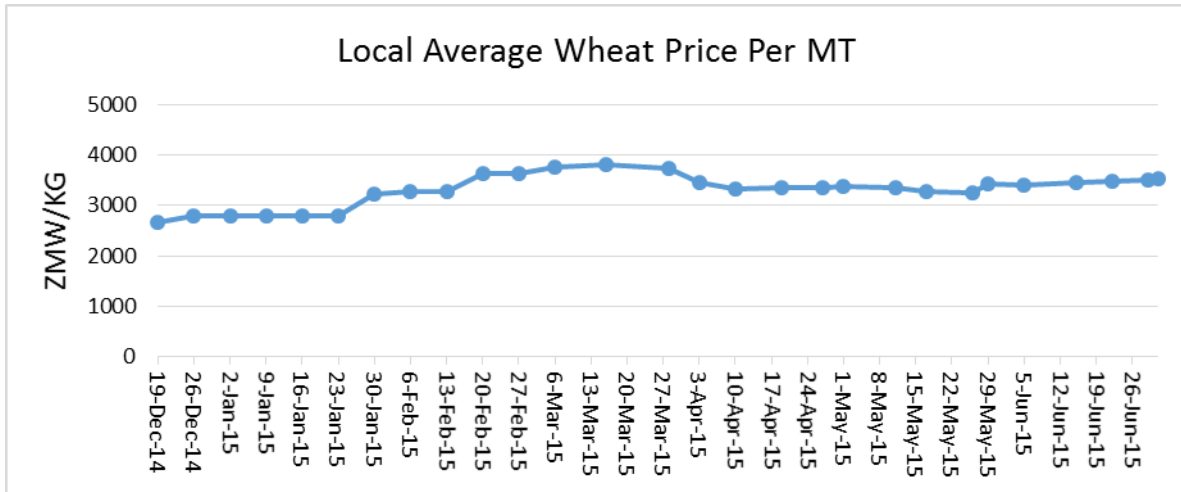
## COMMODITY HIGHLIGHTS

### Wheat

#### Highlights

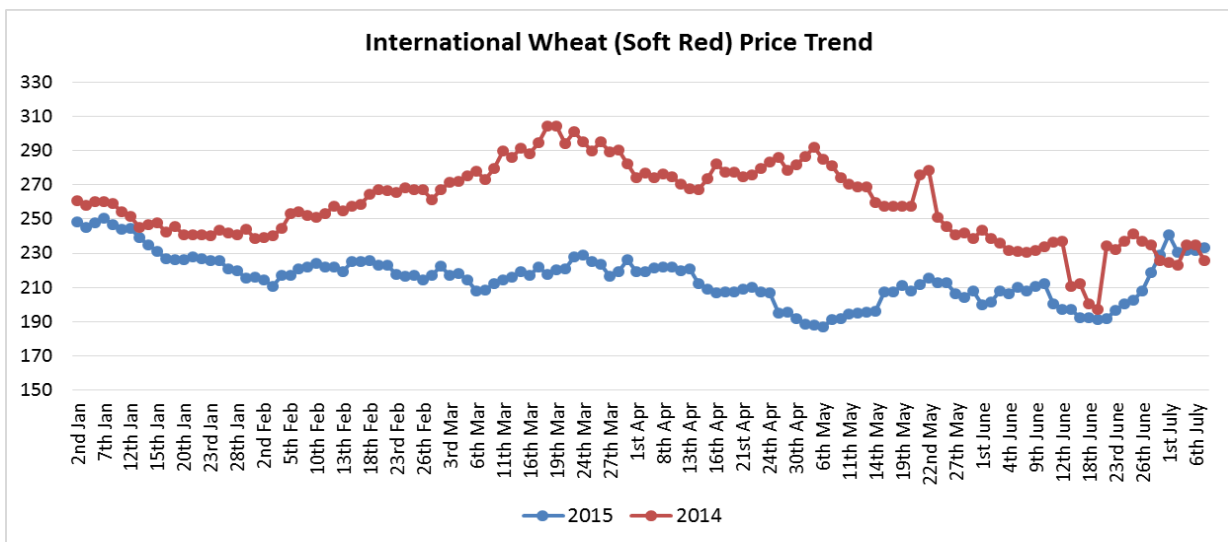
- Black Sea wheat production is expected to reduce by 6.3 million MT from last year due to prolonged drought conditions in Russia.
- European Union's crop monitoring service reduced its yield expectations from 5.93 tons/ha to 5.8 tons/ha due to bad weather conditions.
- International prices are expected to remain tight in the short term with weather remaining pivotal to price direction.

- The graph below shows local average wheat prices/ton during the last week of June 2015. Wheat Prices averaged K470 /Mt ex-mill delivered to Lusaka.

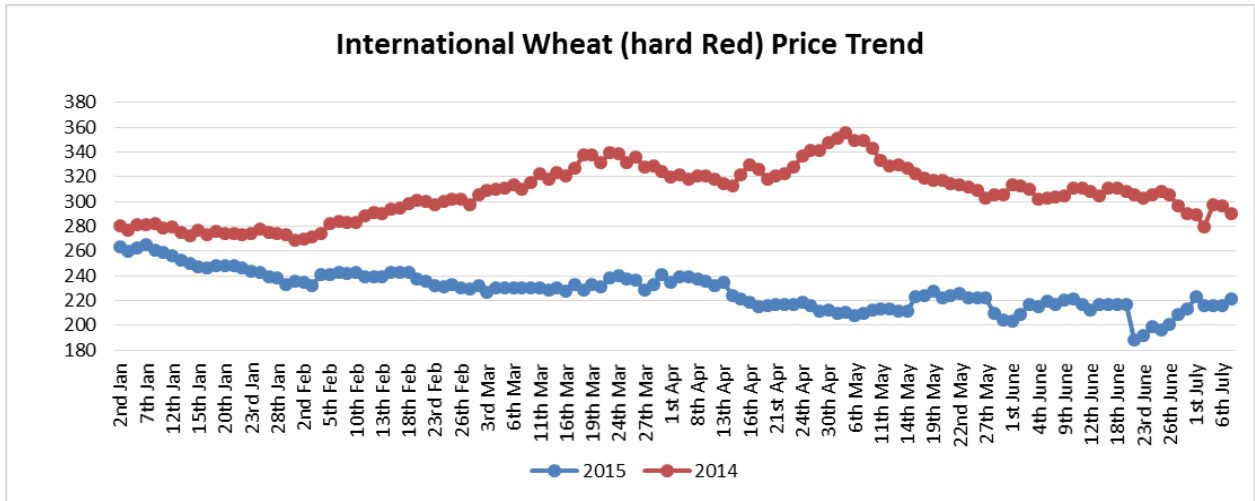


### Price trends

The Safex international soft red and hard red wheat averaged US\$230.72/ton and US\$216.47/ton respectively in the week ending 7<sup>th</sup> July 2015 posting an increase in prices compared to last week. All prices are fob US gulf.



Source: Safex

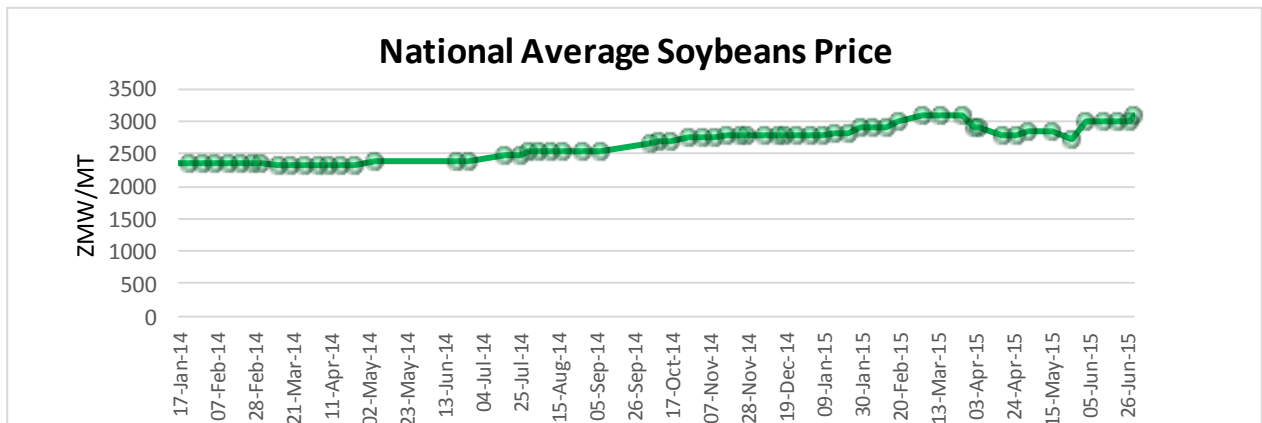


Source: Safex

## Soya Beans

### Highlights

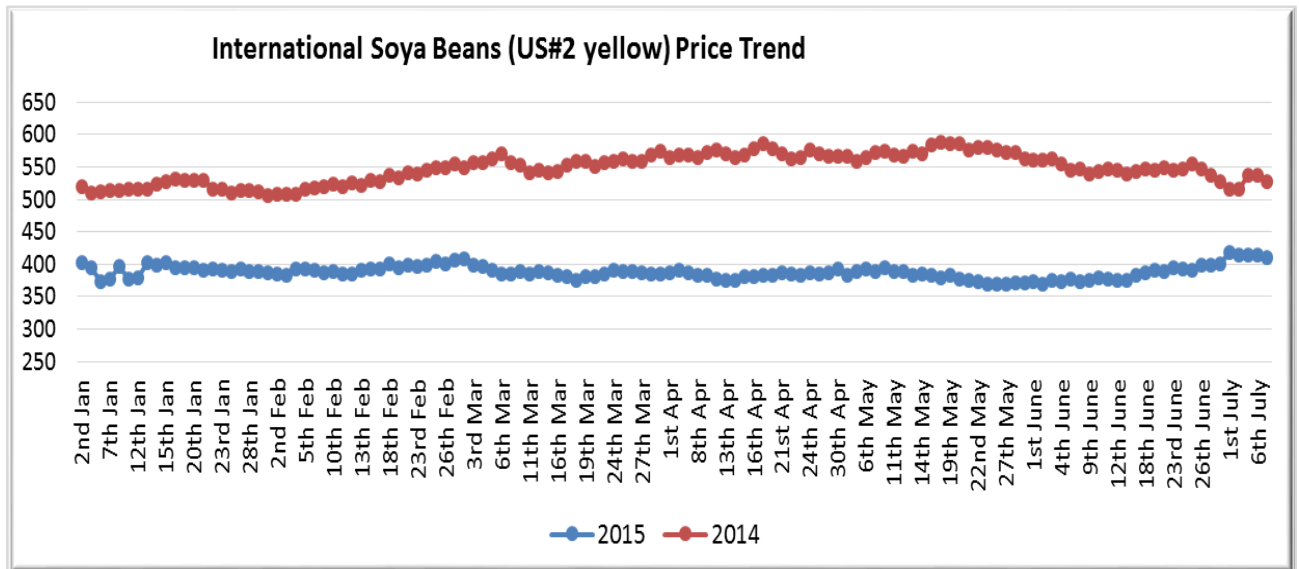
- CBOT soya beans futures prices for September-15 delivery settled around US\$363.54/MT compared to US\$368.17/MT for July delivery.
- South Africa Crop Estimate Committee revised upwards its forecast for soybeans, estimating a record 1 million Mt harvest after plantings for the crop reached almost 700,000 hectares, the highest ever.
- The graph below shows local average prices for soyabeans during the last week of June 2015. Prices of soybeans delivered to Lusaka were pegged at K3700/Mt.



Source: ZNFU 4455 System

### Price trends

International prices of US No. 2 yellow soya beans on Safex traded an average of US 410.12/ton during the week ending 7<sup>th</sup> July, lower by 22% when compared to the same time last year. All prices are fob US gulf.

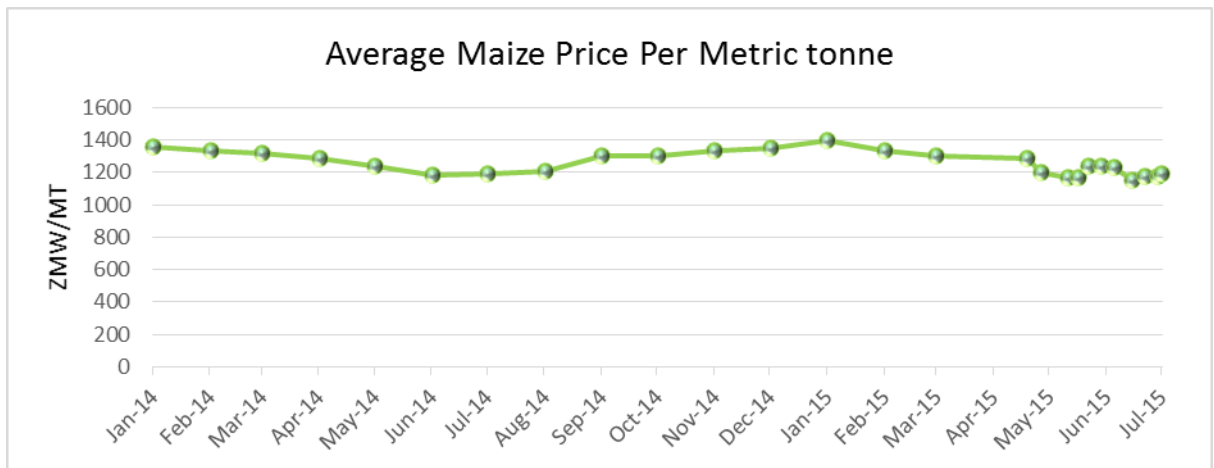


Source: Safex

## Maize

### Highlights

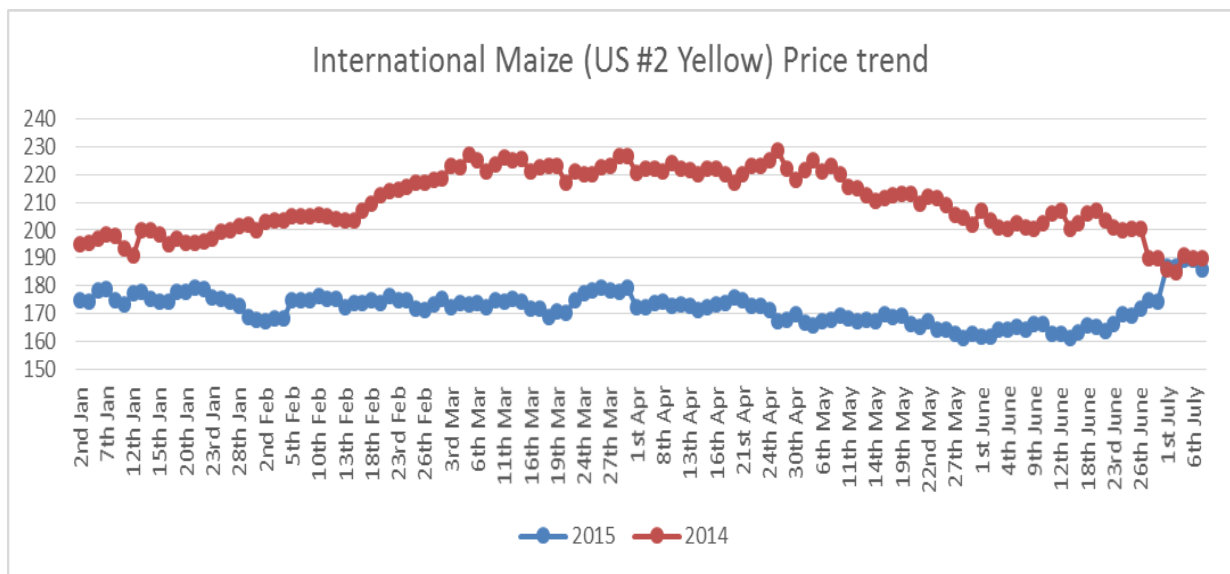
- Zimbabwe is facing maize deficit of over 900,000 metric tons according to Fewsnets assessment in July 2015.
- Malawi, Congo DRC and Angola are facing maize deficits and will rely on informal Zambian maize grain imports between July and December 2015.
- Cereal prices in regional markets to remain high following observed increase in white maize of 30% during the first quarter of 2015.
- South Africa lowered its 2015 maize output by almost 1 percent to 9.755 million tonnes, citing the slow pace of deliveries from the field to silos, the government's Crop Estimates Committee (CEC) said. However, due to large carryover stocks from last year's production (estimated at 2.1 million MT), South Africa is still expected to export approximately 0.79 MT during the current marketing year. Domestic maize prices have scaled record highs above \$246/MT as a result, putting pressure on food prices and inflation in Africa's most advanced economy.
- The graph below shows average local maize prices for the first week of July 2015. Maize prices averaged K1,190/Mt.



Source ZNFU 4455

## Price trends

During the week ending 7<sup>th</sup> July 2015, international maize fob prices as recorded by Safex averaged US 183.91/ton compared to US\$168.16/ton the previous week.

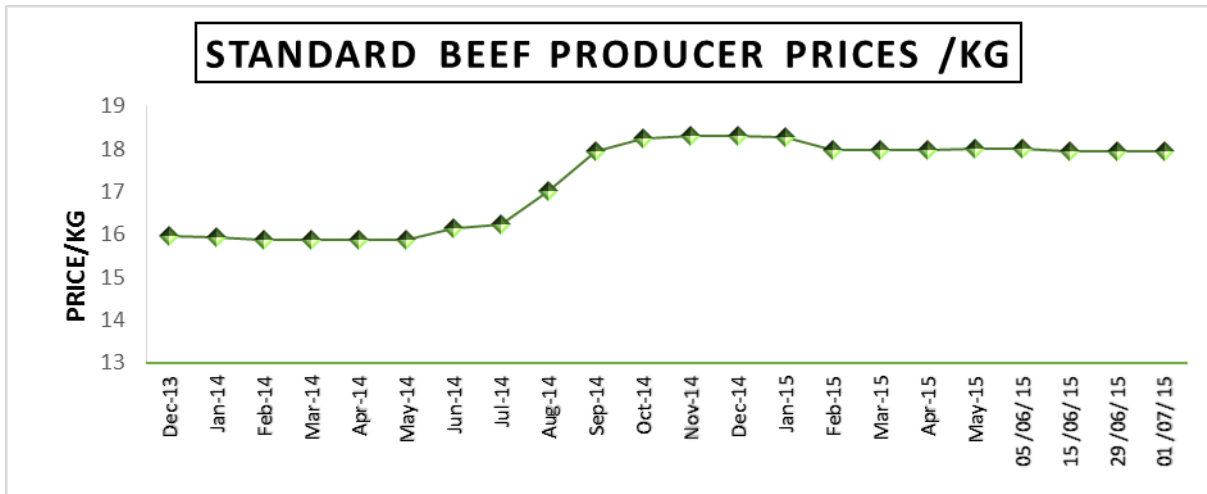


Source: Safex

## Beef

- Currently there are discussions between the US and South African trade officials to try and resolve the restrictions on US beef and pork into South Africa. A ban on US beef was introduced in 2003 in response to bovine spongiform encephalopathy (BSE) case, while access for US pork was blocked since 2013 as a result of porcine reproductive and respiratory syndrome (PRRS) and trichinae.

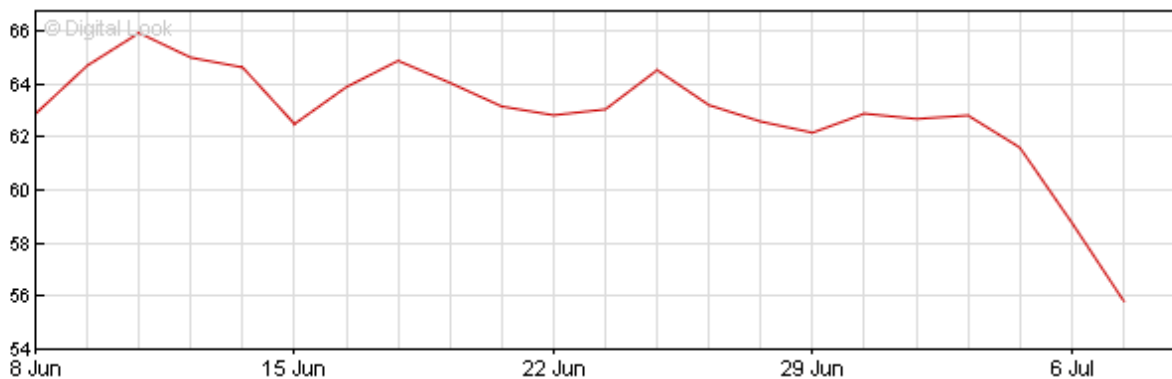
- Beef prices in South Africa are forecast to move sideways to downwards in the short term, as a result of good supplies during this period, with upward trend from end July in line with seasonal trends.
- The graph below shows local standard beef producer prices/kg for the first week of July 2015. Prices ranged between K14-22 / Kg.



## Highlights

### Crude Oil

- Chinese stock woes coupled with prospects of increased crude oil exports by Iran have sent crude oil prices down by 5% to reach US\$55.83/barrel.
- Iran plans to double oil exports to 2.3 million barrels per day.
- The victory for the ‘no’ vote in the Greece’s referendum over the weekend had contributed to the uncertainty in global crude oil markets.
- Greeks overwhelmingly voted against their international creditor’s austerity measures for the debt repayment, and this also induced some uncertainty about Greece’s future in the Eurozone.



Source: BBC, 8<sup>th</sup> July 2015.



## AVERAGE PRICES FOR DAIRY PRODUCTS WEEK ENDING 8TH JULY 2015

The table below shows average prices for fresh milk, sour milk, UHT milk and yogurt during the week.

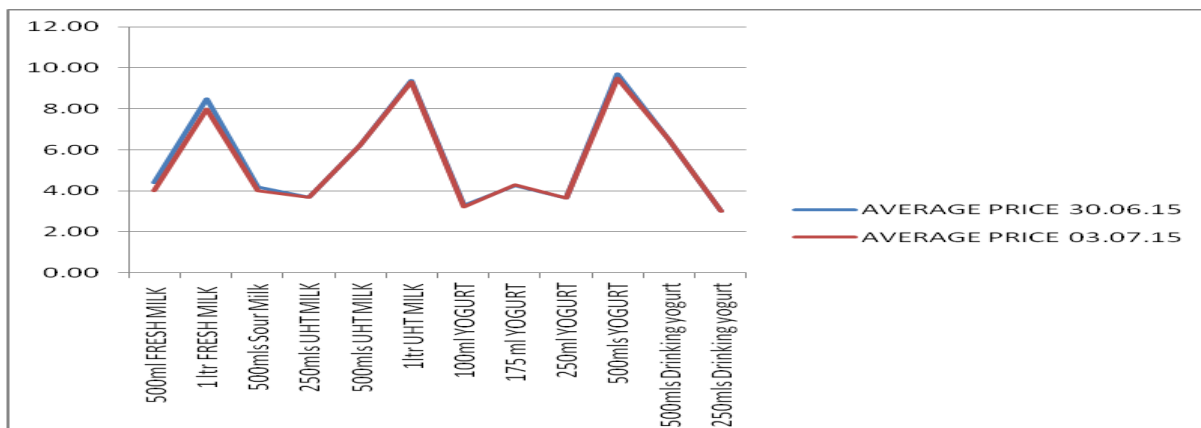
### MILK PRODUCTS

Ser.	Product	Quantity	Average Price 30.06.15	Average Price 03.07.15	Var
1	FRESH MILK	500ml	4.4	4.0	-9.9%
2	FRESH MILK	1Ltr	8.5	8.0	-6.3%
3	Sour Milk	500mls	4.2	4.0	-5.0%
4	UHT MILK	250ml	3.7	3.7	0.0%
5	UHT MILK	500ml	6.2	6.2	0.0%
6	UHT MILK	1 litre	9.4	9.3	-1.1%
7	YOGURT	100ml	3.3	3.2	-2.9%
8	YOGURT	175ml	4.2	4.3	1.3%
9	YOGURT	250ml	3.6	3.6	0.0%
10	YOGURT	500ml	9.7	9.5	-2.0%
12	Drinking yogurt	500ml	6.5	6.5	0.0%
13	Drinking yogurt	250ml	3.0	3.0	0.0%

Source: DAZ, July 2015

The average price of a 500mls fresh milk sachet reduced by 9.9% from K4.4 on 30.06.2015 to K4.0 on 03.07.2015. That of 1litre fresh milk reduced by 6.3% from K8.5 to K 8.0 .Average price of 500mls sour milk reduced by 5% from K4.2 to K4.0 while price of 250mls and 500mls UHT milk remained constant during the period under consideration. The average price for a 500mls yogurt cup reduced by 2% from K9.7 to K9.5. The price of drinking yogurt 500mls and 250mls remained constant during the period under review.

**Table 2: DAIRY PRODUCTS PRICE TRENDS**

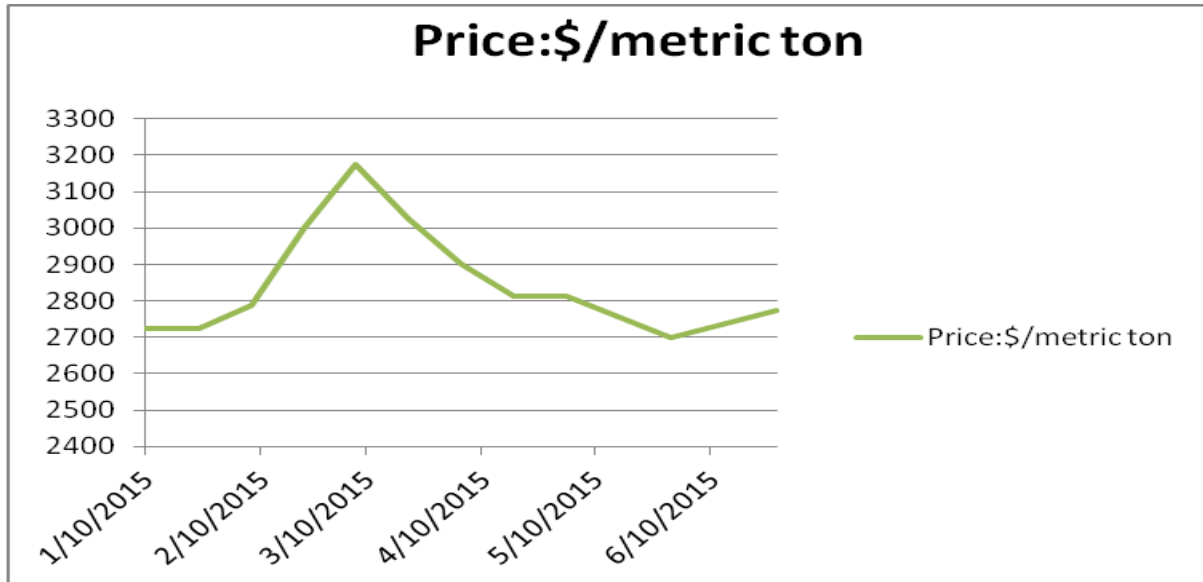


Source: DAZ July 2015

From the above graph it is clear that average prices of dairy products remained fairly constant during the period under review, with notable reductions in fresh and sour milk.

### Global Whole Milk Powder Price Trends

Table 3 Monthly Whole Milk Powder Prices 2015



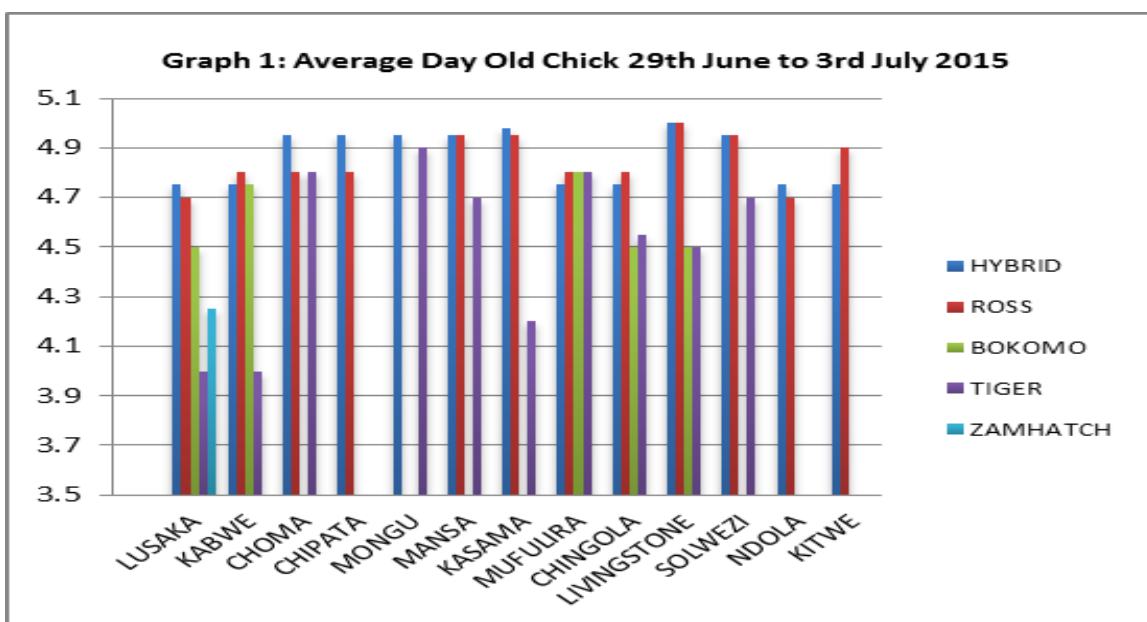
Source: <http://future.aae.wisc.edu/>

Price of whole milk powder on the international market recorded a slight increase from US\$ 2700/ton on 30<sup>th</sup> May 2015 to US\$ 2,725/ton on 27<sup>th</sup> June 2015.

### DOMESTIC POULTRY PRICES

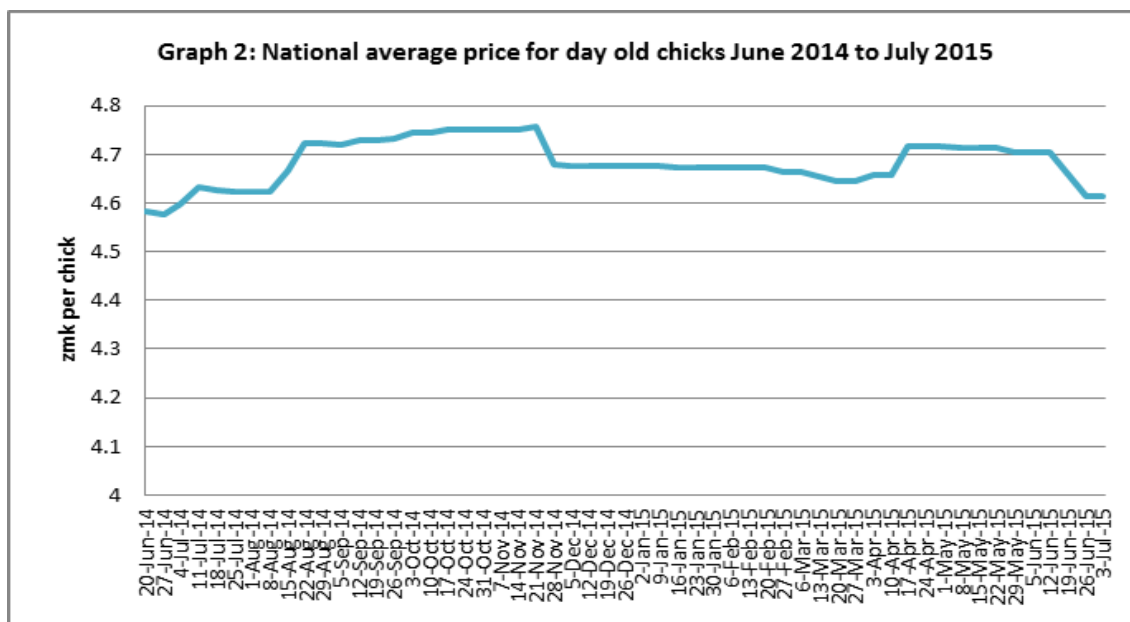
#### AVERAGE DAY OLD CHICK PRICES

**Graph1** shows the price of different breeds of day old chicks in selected towns. The price of day old chicks remained stable during the course of the week.



Source: Poultry Association of Zambia

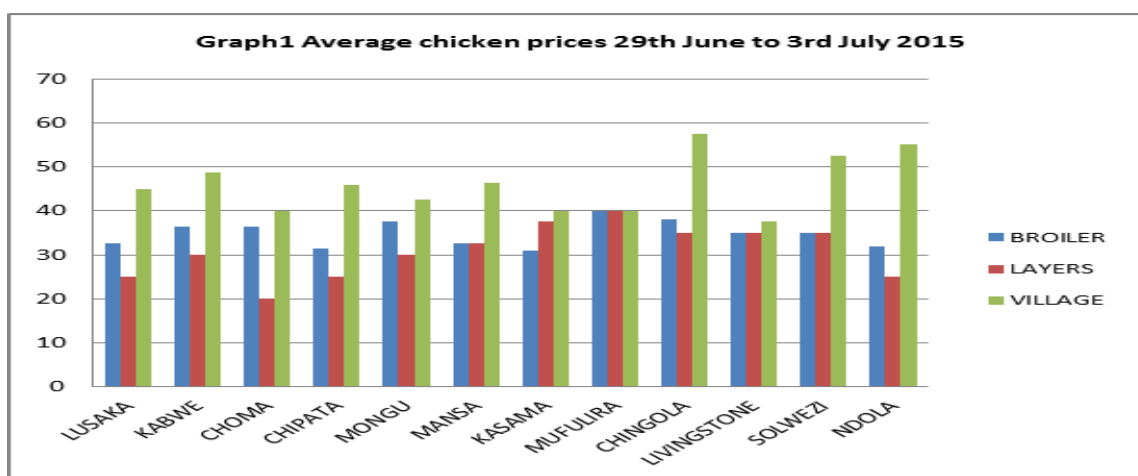
**Graph 2** shows the national average price trend for day old chicks from June 2014 to July 2015. The graph shows that the average national price of day old chicks is ZMW4.61.



Source: Poultry Association of Zambia

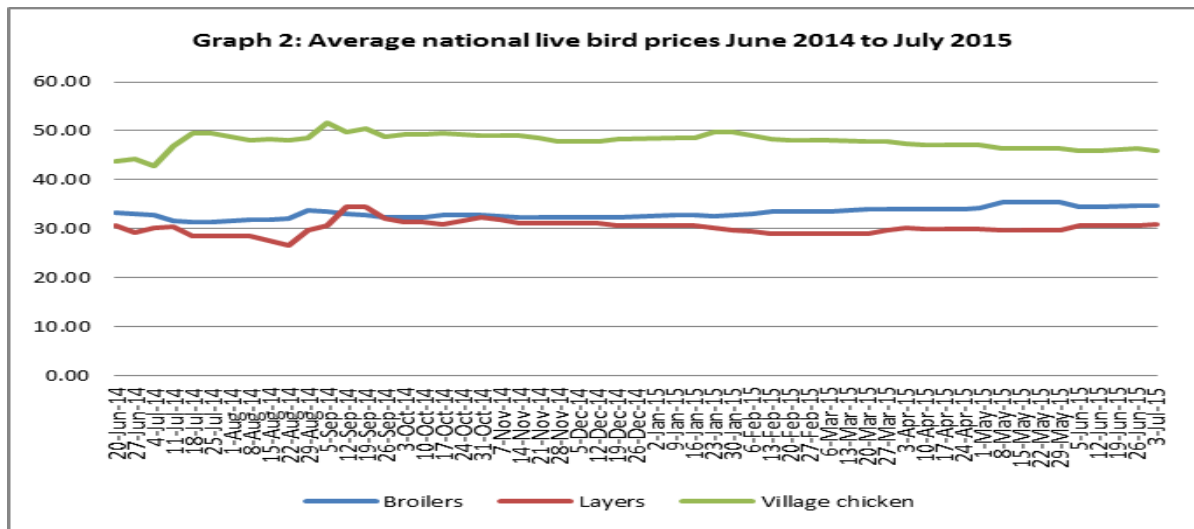
### AVERAGE LIVE BIRDS PRICES

**Graph1** below shows the average live bird prices in Lusaka, Choma, Kabwe, Chipata, Mongu Mansa, Mufulira, Chingola, Solwezi, Ndola, Kitwe and Livingstone. The average price of broilers in Chipata has risen from ZMW29 to ZMW31.5 representing 8.6% price increase while the average price of village chicken has dropped from ZMW52.50 to ZMW45.83 representing 12.7% price decrease.



Source: Poultry Association of Zambia

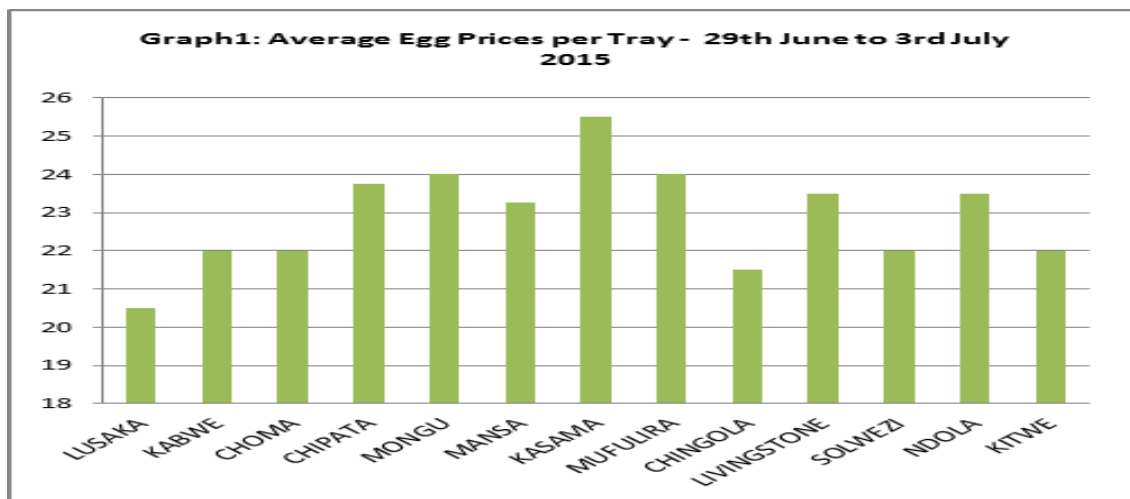
**Graph 2** on the other hand shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that the average national price of village chickens has slightly dropped while the national average price of broilers has slightly risen. On the other hand the average price of layers has remained static.



Source: Poultry Association of Zambia

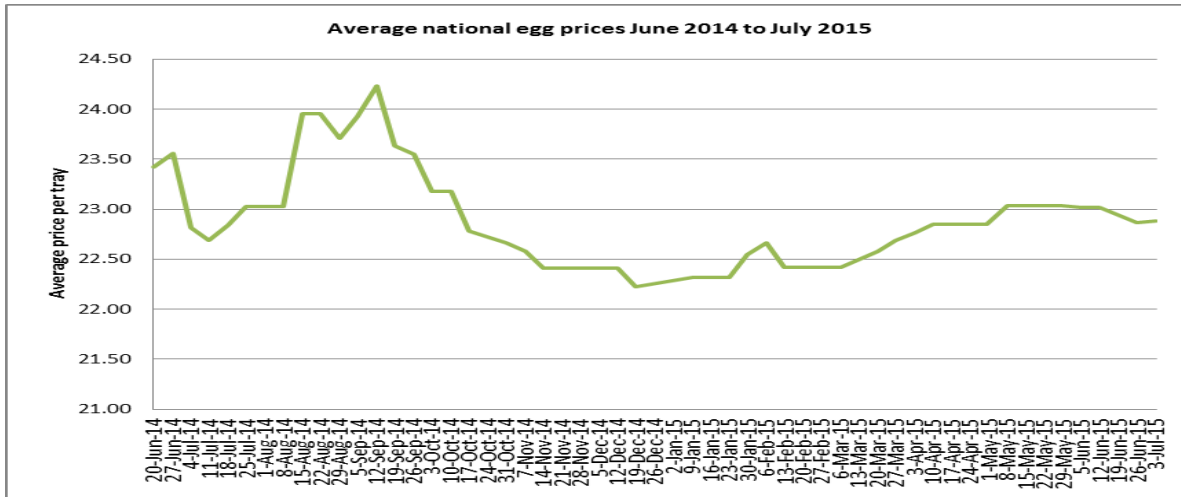
### AVERAGE EGG PRICES

**Graph1** below shows average retail prices of table eggs in selected provincial centres around the country. The average price of eggs in Chipata has risen from ZMW23.50 to ZMW23.75 representing 1% price increase.



Source: Poultry Association of Zambia

**Graph 2** shows the price trend for a tray eggs from mid-June 2014 to July 2015. The graph shows that the national average price of eggs has slightly risen to ZMW22.88 as of 3<sup>rd</sup> July 2015.

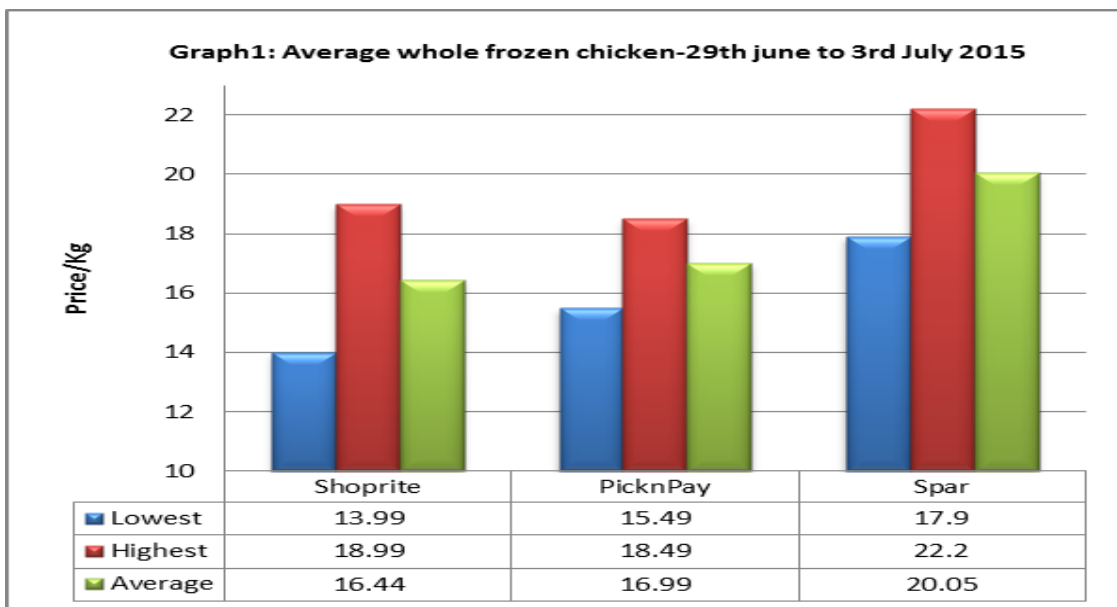


Source: Poultry Association of Zambia

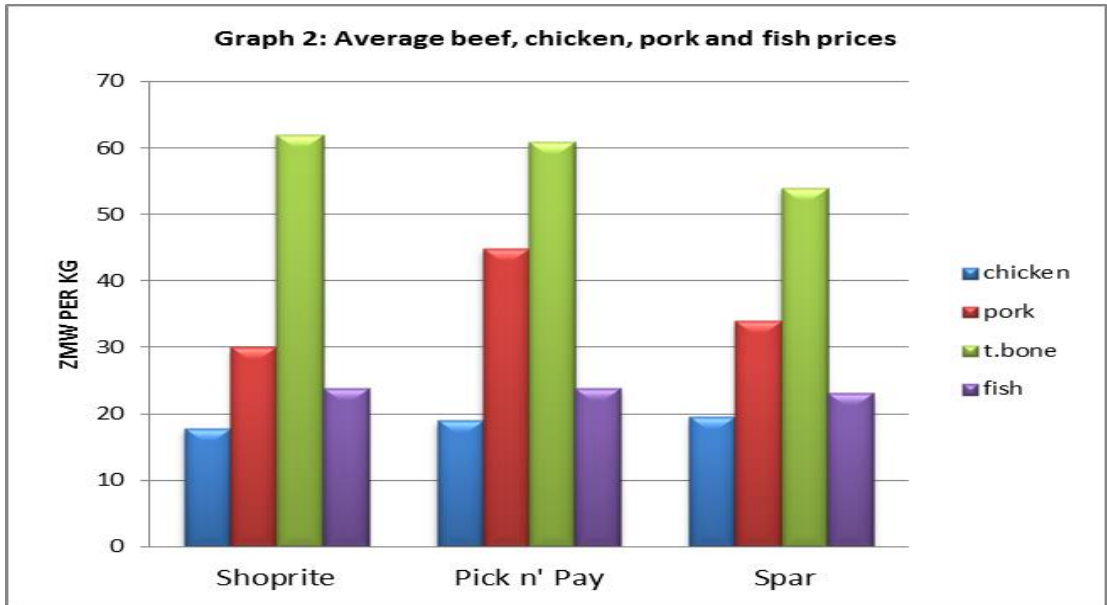
### AVERAGE WHOLE DRESSED CHICKEN PRICES

**Graph1** below shows average prices of whole frozen chickens per kilogram in the three chain stores in Lusaka. Shoprite has the lowest average price for frozen whole chickens at ZMW16.44 with the lowest price at ZMW13.99 and the highest going for ZMW18.99. On the other hand, Spar has the highest average price at ZMW20.05 with the lowest and highest priced frozen whole chicken going for ZMW17.90 and ZMW22.20 respectively. The average price for frozen whole chicken in Pick n' Pay is ZMW16.99 with the lowest and highest going for ZMW15.49 and ZMW18.49 respectively.

**Graph 2** shows the average prices for beef, chicken and Pork products in the three chain stores in Lusaka. The graph shows that chicken is the cheapest protein in all the three stores followed by fish, pork and t.bone.

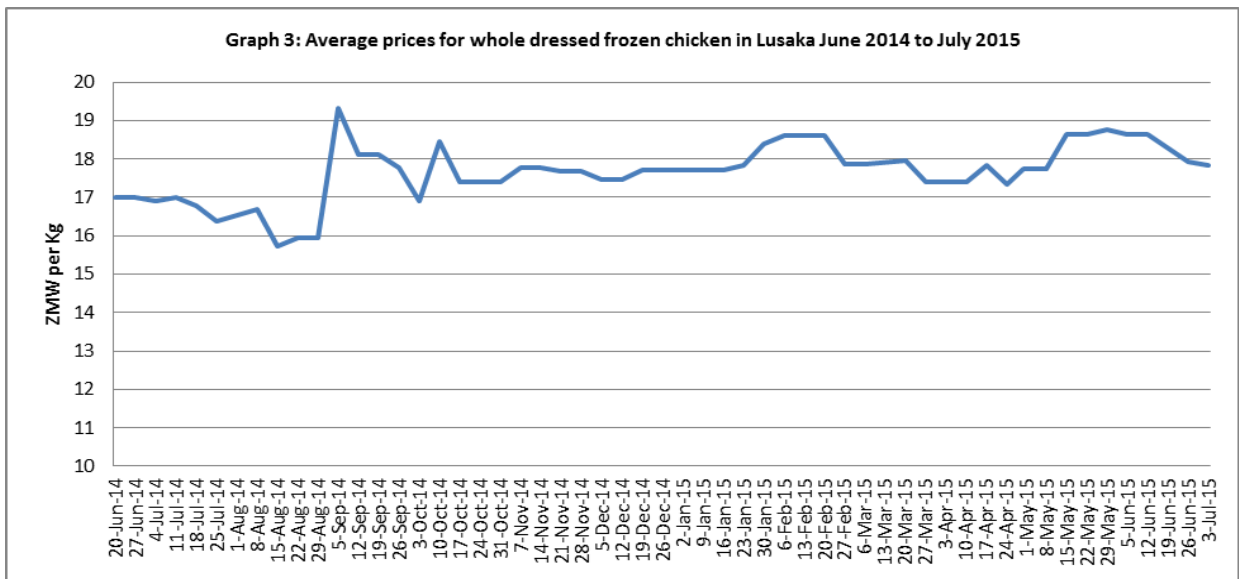


Source: Poultry Association of Zambia



Source: Poultry Association of Zambia

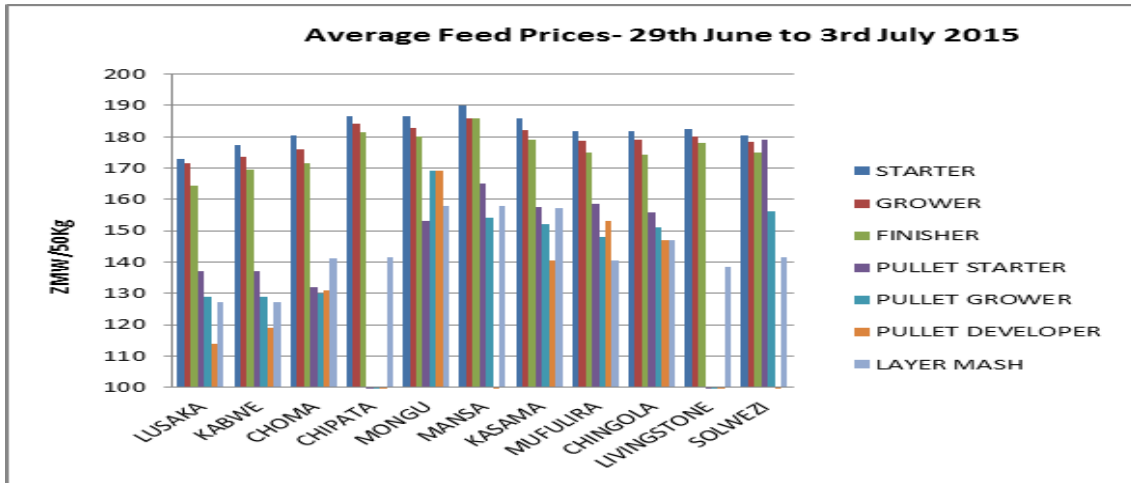
**Graph3** shows the average price trend for whole frozen dressed chicken in Lusaka from June 2014 – July 2015. The average price of frozen whole chicken has further dropped to ZMW17.82.



Source: Poultry Association of Zambia

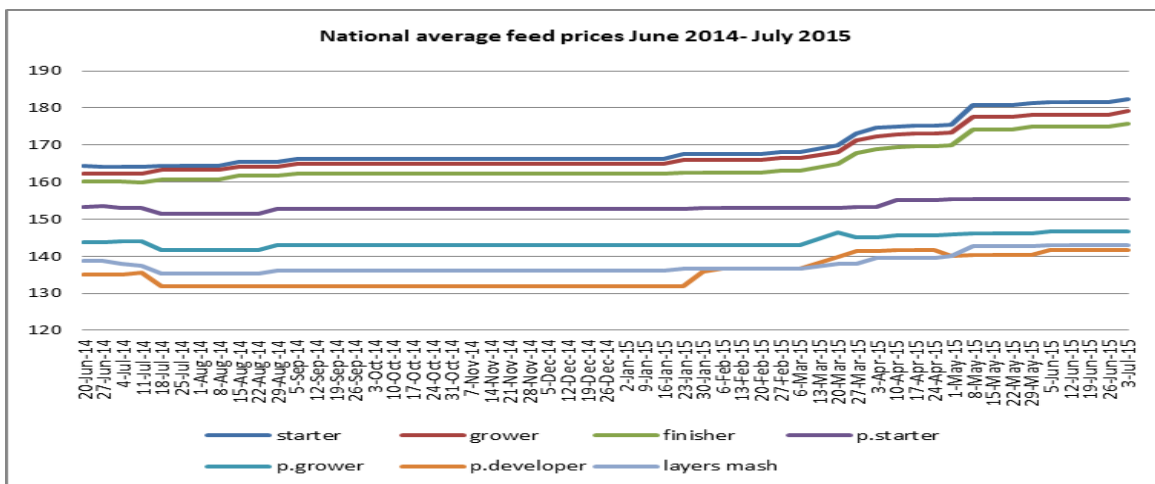
**AVERAGE FEED PRICES**

**Graph 1** show average weekly feed prices in selected towns. The graph shows that the average poultry stock feed prices are lowest in Lusaka and Kabwe and Highest in Mansa. The graph further shows that pullet feeds are generally lower than broiler feeds.



Source: Poultry Association of Zambia

**Graph 2** shows the national average price trend of feed prices from June 2014 to July 2015. The graph shows that average national price of broilers has gone up further. This can be attributed to further price adjustments in the different towns.



Source: Poultry Association of Zambia

**CALL FOR TAX AND NON-TAX PROPOSALS FOR THE 2016 NATIONAL BUDGET**

Once again it is that time of the year when the Ministry of Finance calls for tax and non-tax proposals from the general public for the 2016 National Budget scheduled to be presented in parliament by government in October 2016.

In preparation for this, the Union is requesting members to submit **tax** and **non-tax** proposals for consideration in the 2016 National Budget. For **tax measures** that would entail revenue loss by government kindly **indicate possible compensatory measures** to cover for the lost revenue so as to enhance the chances of our proposals being accepted by Ministry of Finance Officials.

We would be happy to receive your submissions by **Friday 17th July 2015**.  
**Send your submissions to [judy.hamonzwe@znfu.org.zm](mailto:judy.hamonzwe@znfu.org.zm) or simply by return email.**

*Look out for the **Zambian Farmer TV Programme** every Monday at 18:25 hours on ZNBC TV1*